

## Treasury 1603: Applicant Checklist for Begun Construction Applications

This checklist is for the documents being uploaded in Section 6B of the application and includes some examples. NOTE: These are examples only. Applicants are not required to format their documents in the same way. The checklist and the examples do not necessarily address all possible scenarios, but should be used for general guidance.

Applicants can qualify as having begun construction between 2009 and 2011 by demonstrating that Physical Work of a Significant Nature was done on the property during this time period, **or** by demonstrating that 5% of the Total Eligible Costs of the project were paid (for applicants with a cash method of accounting for federal tax purposes) or incurred (for applicants with an accrual method of accounting for federal tax purposes).

If an applicant chooses to apply under both Physical Work of a Significant Nature and the 5% of Total Eligible Costs (safe harbor) options, this should be done within the same application. Applicants should only apply under both options if they can provide all of the documentation required for each option.

### Documentation Required For Applicants Applying under the 5% of Total Eligible Costs (Safe Harbor) Option

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1. **Written statement** from an authorized representative of the applicant (or within an **independent accountant's report** if the estimated value of the project is greater than \$1 million), signed under penalties of perjury, attesting to the following:
  - a. Method of accounting (cash or accrual) used by the applicant for federal tax purposes
  - b. Costs paid (for cash method applicants) or incurred (for accrual method applicants) before January 1, 2012
2. **Documentation of the costs paid** (for cash method applicants) or **incurred** (for accrual method applicants) before January 1, 2012, such as invoices or other financial records
3. **Cost Breakdown of the costs paid\*** (for cash method applicants) or incurred (for accrual method applicants) before January 1, 2012, including delineation of eligible and ineligible costs.
4. **Cost breakdown of the estimated total project cost\*** identifying major equipment and construction categories

Applicants Relying on Costs Paid or Incurred by a Contractor Must Also Submit items 5 and 6:

5. **Copy of the fully executed/signed binding written contract**
6. **Statement from the contractor**, signed under penalty of perjury containing the following:
  - a. Method of accounting (cash or accrual) used by the contractor for federal tax purposes
  - b. Description of contractor's costs paid (for cash method contractor) or incurred (for accrual method contractor)
  - c. Description of how those costs have been designated for the applicant's property
  - d. Evidence of costs paid/incurred by the contractor, such as invoices or other financial records
  - e. Evidence that costs were paid or incurred pursuant to the contract

For information about what should be included in the **independent accountant's report** for projects with an estimated value greater than \$1 million, please refer to the "Accountant's Report for Begun Construction – 5% method and basis of \$1+ million" section of the 1603 Program website, <http://www.treasury.gov/initiatives/recovery/Pages/1603.aspx>.

## Documentation Required For Applicants Applying under the Physical Work of a Significant Nature Option

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1. **Written report** from the project engineer or installer (or by an **independent engineer** for projects with an estimated cost basis of \$1 million or more), signed under penalty of perjury, and containing the following:
  - a. Description of the project, including how it meets eligibility requirements and the “Physical Work of a Significant Nature” requirements on pages 6-7 of the Program Guidance
  - b. Description of the work that commenced between 2009 and 2011
2. **Documentation of physical work** of a significant nature commenced between 2009 and 2011, such as invoices or other financial documents, time sheets evidencing the work done at the site, or photographs
3. **Detailed construction schedule**, including key dates and benchmarks for construction to include the manufacturing of equipment, if applicable

Applicants Relying on Physical Work Done Off-Site Under a Contract Must Also Submit items 4 and 5:

4. **A copy of the fully executed/signed binding written contract**
5. **Statement from the contractor**, signed under penalty of perjury containing the following:
  - a. Detailed description of the nature of the work in total
  - b. Detailed description of the of work that took place between 2009 and 2011
  - c. Affirmation that the work commenced is pursuant to the binding written contract and that work was on eligible property for the applicant’s project

\*The example documentation for the cost breakdown of costs paid and the cost breakdown of the estimated total project cost are combined into one example. Multiple required documents may be covered in one document, but all of the requirements for each document must be met and distinguishable for the reviewer.

**Edson's Hardware Store, LLC**  
**Breakdown of Costs Paid to Date and Estimated Total Project Costs**  
**01/12/12**

Breakdown of Costs Paid/ Incurred Before 1/1/12 AND Total Estimated Cost

QTY	Description	Unit Price	Qty Received as of 12/31/11	Amount Paid as of 12/31/11	Amount Budgeted to be Paid 1/1/2012 - 7/30/2012	Total Estimated Costs
224	Solar modules: Sunnyside GW220AA (220 watts)	454.25	40	\$18,170.00	\$83,582.00	\$101,752.00
4	Inverters: ACReady TT11EXT (11 kW)	4,200.00			\$16,800.00	\$16,800.00
1	Racking (roof mount, 20 degree tilt)	23,000.00			\$23,000.00	\$23,000.00
1	Electrical (combiner boxes, shut offs, conduit, wiring, etc.)	15,527.00			\$15,527.00	\$15,527.00
	<b>Subtotal Materials</b>	<b>157,079.00</b>			<b>\$138,909.00</b>	<b>\$157,079.00</b>
	Sales tax (5%)	7,854.00			\$7,854.00	\$7,854.00
	Delivery charges	1,878.00			\$1,878.00	\$1,878.00
	Racking Installation Labor	12,300.00			\$12,300.00	\$12,300.00
	Module Installation Labor	23,625.00			\$23,625.00	\$23,625.00
	Electrical labor (Subcontract: Elvis Electric Co.)	14,000.00			\$14,000.00	\$14,000.00
	Engineering design	1,500.00			\$1,500.00	\$1,500.00
	Permitting	275			\$275.00	\$275.00
	Project Management/administration	2,450.00			\$2,450.00	\$2,450.00
	<b>Subtotal All</b>				<b>\$202,791.00</b>	<b>\$220,961.00</b>
	Overhead and Profit (10%)				\$22,096.00	\$22,096.00
	<b>TOTAL</b>			<b>\$18,170.00</b>	<b>\$224,887.00</b>	<b>\$243,057.00</b>
	<b>PERCENTAGE OF TOTAL</b>			<b>7.48%</b>	<b>92.52%</b>	<b>100.00%</b>

Costs Broken Down in Detail

Percentage of Eligible Costs Paid At Least 5%



# INVOICE

Date is before 1/1/12

**MIDWESTERN SOLAR SYSTEMS**

Date: November 10, 2011  
INVOICE # 2011-99

Site Location and  
Energy Project Indicated

To:

Payor and Payee Identified

Edson's Hardware Store, LLC  
2100 South Winslow St.  
Central City, MO 21638  
Customer ID [ABC12345]

Site Location	Job Description	Payment Terms
2100 South Winslow St. Central City	49.28 kW-DC design and install roof mount	Total amount must be received by <b>November 20, 2011</b>

Qty	Description	Unit Price	Line Total
40	Solar modules: Sunnyside GW220AA (220 watt)	454.25	\$18,170.00
<b>TOTAL</b>			<b>\$18,170.00</b>

Amount Paid Matches the  
Amount Indicated in the Cost  
Break Down and Is At Least 5%  
of Eligible Costs for Safe Harbor

**PAID**  
11/12/2011

Make all checks payable to Midwestern Solar Systems

*Thank you for your business!*